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## Overview

The Constitution charges the legislature with enacting laws to provide for the establishment and financial support of community colleges; the twenty-eight existing community colleges have been established under statutes that provided for the creation of community college districts coinciding with the boundaries of counties, school districts, or intermediate school districts. Community colleges utilize various sources of revenue: state aid, student tuition and fees, local property taxes, private donations, and federal grants. Located throughout the state, community colleges offer a variety of programs of two years or less in duration, including traditional transfer programs (for students moving on to four-year institutions), technical training programs, certificate programs, and customized training or retraining for employees in skilled positions. In recognition of the role that community colleges play in workforce development, various statutory powers and responsibilities pertaining to community colleges were transferred from the Department of Education to the Department of Career Development under Executive Reorganization Order No. 1999-7.

## Summary of Major Budget Issues

**Operations Funding** – Includes Executive-recommended operations funding reduction of \$20.5 million; most colleges to receive 6.7% reduction over current year-to-date. Smaller reductions for Alpena, Bay de Noc, and Gogebic; funded through a larger reduction for Wayne County Community College.

**PASS Program** – Reflects Executive-recommended elimination of Postsecondary Access Student Success (PASS) program, which is fully-supported by the Michigan Merit Award Trust Fund. Fewer than 700 students participated last year; current-year funding is \$700,000.

**At-Risk Program** – Reflects Executive-recommended reduction of 6.7% for At-Risk Student Success Program.

**Renaissance Zone Tax Reimbursement** – Includes \$652,800 increase for renaissance zone reimbursement payments, as recommended by Executive. These payments reimburse colleges for property tax revenues lost through the establishment of renaissance zones.

**MPSERS Contribution Subsidy** – Contribution rate increases to the Michigan Public School Employees Retirement System (MPSERS) are estimated to total \$7.0 million for the community colleges that participate in MPSERS. Budget assumes that the increase would be funded through a MPSERS stabilization subaccount, thus enabling MPSERS payments to be frozen at their current-year levels.

	FY 2002-03 YTD					Difference: Enacted to 2002-03 YTD	
	(as of 3/6/03)	Executive	House	Senate	Enacted	Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	0.0
<b>Federal</b>	0	0	0	0	0	0	0.0
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	0	0	0	0	0	0	0.0
<b>Restricted</b>	2,295,982	0	0	4,717,500	0	(2,295,982)	(100.0)
<b>GF/GP</b>	307,512,112	289,013,100	289,013,100	289,013,100	289,013,100	(18,499,012)	(6.0)
<b>Gross</b>	<b>\$309,808,094</b>	<b>\$289,013,100</b>	<b>\$289,013,100</b>	<b>293,730,600</b>	<b>\$289,013,100</b>	<b>(\$20,794,994)</b>	<b>(6.7)</b>

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>	
<b>1. Across-the-Board Operations Reductions</b>		<b>Gross</b>	<b>\$309,180,888</b>	<b>(\$20,386,288)</b>
<b>Executive</b> recommended that operations funding for each of Michigan’s 28 community colleges be reduced by 6.7% from the current year-to-date, for total reduction of \$20.5 million, including elimination of \$1.6 million in funding from merit award trust fund. <b>House</b> incorporated the reduction for all but Gogebic Community College, funding Gogebic at \$121,500 more than recommended by the Executive, with the funding transferred from at-risk grant funding for other community colleges. <b>Enrolled bill</b> reflects <b>Senate</b> action that restored at-risk funding to Executive-recommended levels, and provided Alpena, Bay de Noc, and Gogebic each with \$150,000 over the Executive recommendation, funded through a \$450,000 reduction to Wayne County Community College.	Restricted	1,577,521	(1,577,521)	
	GF/GP	302,870,666	(18,808,767)	
<b>2. Eliminate PASS Program</b>		<b>Gross</b>	<b>\$700,000</b>	<b>(\$700,000)</b>
Eliminates Postsecondary Access Student Scholarship (PASS) program due to low participation rates (fewer than 700 students received awards last year). The program was fully supported by the Michigan Merit Award Trust Fund.	Restricted	700,000	(700,000)	
	GF/GP	0	0	
<b>3. At-Risk Student Success Program</b>		<b>Gross</b>	<b>\$3,562,706</b>	<b>(\$240,006)</b>
Appropriations reflect a 6.7% reduction to this formula grant program that supports colleges' efforts to address the special needs of at-risk students through funding equipment and technology upgrades that may be (but need not be) used by such students.	Federal	0	0	
	Restricted	18,461	(18,461)	
	GF/GP	3,544,245	(221,546)	
<b>4. Renaissance Zone Tax Reimbursements</b>		<b>Gross</b>	<b>\$1,097,200</b>	<b>\$652,800</b>
Includes increase for Renaissance Zone reimbursement payments. These payments restore funding lost when property tax levies are reduced due to the presence of a Renaissance Zone within a college's taxing authority.	Federal	0	0	
	Restricted	0	0	
	GF/GP	1,097,200	652,800	

		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD	
<u>FY 2002-03: Changes to Current-Year Appropriations</u>				
<b>1. Additional Funding for College Operations</b>		<b>Gross</b>	<b>\$309,180,888</b>	<b>\$1,077,700</b>
Provides a current-year across-the-board increase for community college operations .	Restricted	1,577,521	1,077,700	
	GF/GP	302,870,666	0	

**Major Boilerplate Changes from FY 2002-03:**

***Sec. 216. Contributions to Public School Employees Retirement System – MODIFIED***

Newly bars community colleges from being required to submit more than four reports annually to the Michigan public school employees retirement system for the purposes of calculating retirement benefits.

***Sec. 217. Capital Outlay Projects – MODIFIED***

Requires Joint Capital Outlay Subcommittee review for projects over \$1.0 million, eliminates current language pertaining to capital projects, and retains prohibition on self-liquidating projects.

***Sec. 236. Site Visits (New)***

Limits the frequency and scope of site visits and related activities, and requires the Department of Career Development to provide copies of proposed state plan prior to submission to the U.S. Department of Education for approval under the Perkins act.

***Sec. 404. Michigan Postsecondary Access Student Scholarship (PASS) – DELETED***

PASS program eliminated.